



**CITY COUNCIL**

February 3, 2014

A regular meeting of the City of Petoskey City Council was held in the City Hall City Council Chambers, Petoskey, Michigan, on Monday, February 3, 2014. This meeting was called to order at 7:00 P.M.; then, after a recitation of the Pledge of Allegiance to the Flag of the United States of America, a roll call then determined that the following were

Present: William Fraser, Mayor  
Kate Marshall, City Councilmember  
John Murphy, City Councilmember  
Grant Dittmar, City Councilmember  
Jeremy Wills, City Councilmember

Absent: None

Also in attendance were City Manager Dan Ralley City Clerk-Treasurer Alan Terry and Director of Public Safety John Calabrese.

Resolution No. 18751  
Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of February 3, 2014, City Councilmember Wills moved that, seconded by City Councilmember Marshall adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the January 20, 2014 regular-session and January 27, 2014 special-session City Council meeting be and are hereby approved; and

BE IT FURTHER RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since January 20 for contract and vendor claims at \$723,573.84, intergovernmental claims at \$80,293.29, and the January 30 payroll at \$176,703.10, for a total of \$980,570.23 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

AYES: Marshall, Murphy, Dittmar, Wills, Fraser (5)  
NAYS: None (0)

Hear Public Comment

Mayor Fraser asked for public comment and heard from Fred Liederbach, 414 Jackson Street, concerning the West Mitchell Street bridge sidewalk and that it should be widened. Council informed Mr. Liederbach of an MDOT informational meeting on the US-31 project including the bridge reconstruction Tuesday night at North Central Michigan College for public comments.

Hear City Manager Updates

homes for the first time; and that MDOT is holding a public informational meeting for the US-31 project and Mitchell Street bridge reconstruction tomorrow at 4:30 P.M. at North Central Michigan College.

Mayor Fraser asked for public comments and heard an inquiry and status on the Williams Street parking situation.

Resolution No. 18752 – Approve  
2014 Board of Review Dates

2013 meeting, the Board of Review, in consultation with the City Assessor, recommends the scheduling change in order to provide flexibility for the Board members and City Assessor.

The resolution would authorize the Board of Review to move back, by one day, their initial meeting to the Tuesday following the second Monday in March. The Board of Review currently holds their initial meeting on the second Monday in March. Under the General Property Tax Act (Act 206 of 1893) City Council may authorize such a change by resolution.

If adopted, the Board of Review’s schedule in March 2014 would be as follows:

TUESDAY, MARCH 11, 2014  
9:00 A.M. - 12:00 NOON  
1:00 P.M. to 4:00 P.M.

WEDNESDAY, MARCH 12, 2014  
6:00 P.M. to 9:00 P.M.

THURSDAY, MARCH 13, 2014  
9:00 A.M. to 12:00 Noon  
1:00 P.M. to 4:00 P.M.

City Councilmember Murphy then moved that, seconded by City Councilmember Wills adoption of the following resolution:

WHEREAS, the City of Petoskey Board of Review typically holds their initial meeting on the second Monday in March, and

WHEREAS, Under the General Property Tax Act (Act 206 of 1893) the Petoskey City Council may authorize by adoption of a resolution alternative starting dates in March when the Board of Review shall initially meet, and

WHEREAS, by statute the alternative dates shall be the Tuesday or Wednesday following the second Monday of March; and

WHEREAS, the City Assessor, in consultation with the Board of Review, is recommending to City Council that the initial meeting date for the Board of Review be changed to the second Tuesday in March; and

NOW, THEREFORE BE IT RESOLVED that the City of Petoskey City Council does hereby authorize the Board of Review to change its initial meeting date as authorized by Act 206 of 1893:

BE IT FURTHER RESOLVED that the City Assessor is authorized to establish initial meeting dates for the Board of Review consistent with Act 206 of 1893.

Said resolution was adopted by the following vote:

AYES: Marshall, Murphy, Dittmar, Wills, Fraser (5)

NAYS: None (0)

General Fund Revenue Discussion The City Manager reviewed that City Council discussed revenue options at their January 27, 2014 special meeting and was being asked to continue discussion at this meeting on possible revenue options for the General Fund to sustain current level of services. The City Manager reviewed property taxes and how they worked; budget cuts and the need for funds in Public Safety and for deferred maintenance items; and reviewed Bay Harbor Fire Station staffing along with additional staffing for drug enforcement and detective position.

The City Manager reviewed a summary of revenue options as follows:

Option	Mechanism	Notes	Revenue
Property Tax Administration Fee	Council Action. 1% of property tax bill towards costs of assessing, issuing and collecting property taxes.	Provide immediate funds to fill Public Safety Officer position and maintain full-time staffing at Bay Harbor station. Funding towards deferred Park maintenance items.	\$200,000
Headlee Override	Subject to voter approval, restores current millage rate of 7.6707 to charter authorized limit of 10.000 mills.	Council sets millage rates annually. If approved, full 10 mills does not have to be levied.	Additional millage of 2.3293 @ \$450,000,000 TXV produces \$1,048,185 in tax revenue.
Public Safety Millage	Subject to voter approval, provides a dedicated millage for Public Safety services, may include operating and/or capital expenditures.	Similar revenue to Headlee Override option. Less flexible, but possibly more politically acceptable. Council approval of annual levy.	1 Mill \$450,000 1.5 Mills \$675,000 2 Mills \$900,000
Income Tax	Subject to voter approval. City income tax assessed to all residents and any nonresident who works in the City. Income tax rate would be established at an amount not to exceed 1% for residents and .5% for nonresidents.	Will require research to determine estimated revenues from residents and non-residents. Could potentially allow the lowering of local property tax rates.	A payroll of \$200M city-wide with 50% residents and 50% non-residents at the rate of 1% resident and .5% non-resident would produce \$1,500,000 annually.
Accident Recovery Fee	Council Action. Amount billed non-resident's insurance company for cost of Public Safety services incurred in response to accident scene.	Approximately half of crashes in City involve non-residents.	Estimated to be \$50,000 annually
Special Assessment – Public Safety Services	Council Action. Annual special assessment to property owners for public safety equipment and/or operations.	Tax-exempt parcels are exempt. May be difficult to administer annually, with 4,500 notices and invoices.	Similar to Public Safety Millage.

City staff recommended re-instituting the Property Tax Administration fee and requested direction from City Council on additional long-term revenue options necessary to maintain current service levels. Revenue from the Property Tax Administration fee will return those revenues used to cover costs of assessing and administering property taxes on behalf of five other jurisdictions, allowing General Operating tax revenues to go towards General Fund issues.

City Councilmembers reviewed that there is a desire to avoid a crisis by trying to address the issues now; that they understand why City staff wants to implement the 1% fee, but it could have a negative impact on a millage vote; and heard from those in support of fee. Council discussed aspects of a public safety millage; if millage would have to be set every year; that citizens may oppose new tax, while noting there are serious needs in the City that need to be addressed.

Mayor Fraser asked for public comments and heard from those for and against the Property Tax Administration Fee; that increased fees should go to the people for a vote; that efficiency studies could be completed on departments that may provide areas for savings; that City Council has restrained its budgets over the years to reduce costs; that work needs to be done in other areas; heard from supporters of the public safety millage; and heard a comment that the quality of life in Petoskey is better than other communities and citizens have to pay for it if they want to keep it that way.

City Councilmembers commented that it is interesting that no citizens wanted to cut services, but no one wants new taxes either; and mentioned bringing in a consultant who may survey residents to determine their position on these long term issues.

City Councilmember Wills then motioned to, supported by City Councilmember Marshall to adopt the motion to reinstitute the 1% Property Tax Administration fee for the 2014 property tax roll.

Said motion was adopted by the following vote:

AYES: Marshall, Murphy, Wills, Fraser (4)

NAYS: Dittmar (1)

Hear Council Comments

fee is implemented.

Mayor Fraser asked for Council comments and City Councilmember Dittmar commented that he hopes to keep citizen support after Property Tax Administration

There being no further business to come before the City Council, this February 3, 2014, meeting of the City Council adjourned at 8:20 P.M.

W.J. Fraser, Mayor

Dan Ralley, Recording Secretary